YANKEE INSTITUTE
for Public Policy

Testimony on Senate Resolution 4/House Resolution 3

Submitted by Suzanne Bates, Policy Director

February 23, 2016

Good afternoon Senator Bye, Representative Walker, Senator Kane and Representative Ziobron.

I am here today to raise deep concerns with the collective bargaining agreement between the University of Connecticut and the Professional Employees Association.

As you know, many families already struggle to pay for the cost of a college education. Students are coming out of school deeply in debt.

Our state's flagship school, the University of Connecticut, has become a world-renowned research university, in no small part because of the state's continued financial commitment. But more and more students are getting priced out of this public university because of tuition increases. Tuition at the University of Connecticut is expected to go by 31 percent over the next four years, which is likely to vastly outpace inflation and income increases in the private sector.

This contract gives all covered employees 2 percent raises in the first year, and then 3.5 percent raises for the next four years. The increase in tuition and these pay increases are directly related. And they are unaffordable.

The University of Connecticut already provides generous pay and benefits packages to its employees. There has been no indication that the university is unable to attract qualified applicants for open positions.

The employees covered by this contract receive the benefits negotiated under the SEBAC agreements. Those benefits are vastly more expensive than benefits received by workers in the private sector who have similar qualifications. For example:

- Public employees receive healthcare benefits that cost 35 percent more than employees in the private sector;
- Public employees receive pension benefits that are five times, or 500 percent more expensive than employees in the private sector;

- Public employees receive retiree healthcare benefits that are 33 times, or 3,300 percent more expensive than private sector employees receive.

This is on top of salaries that are about equal to what private sector employees receive. I'm sure the state wants to be a good employer, and this is commendable. However, the benefits have become so lopsided that they are unsustainable.

The past few years, including this year, this committee has to cut spending on state programs in order to balance the budget. Meanwhile, taxes are still going up, and the state budget as a whole is still increasing. The reason this is happening is because parts of the budget are growing much faster than others. In particular, this is true for state employee healthcare, state employee pensions, and healthcare for retired state employees. For example, healthcare for retired state employees when up 9.5 percent this year compared to last year. If this continues, you will continue to have to cut state programs or increase taxes year after year.

I ask you to please send this agreement back to the bargaining table.

In addition to pay and benefits, I would like to draw your attention to a few other provisions in the contract that raise concerns.

Article 47 of the contract would allow employees to reduce their workload by half in their final three years of employment while still earning full credit towards retirement. We all know our pension fund is already underfunded. This provision will just add to our long-term liabilities.

In section 40.1, union leave time is discussed. This provision allows employees to work up to a combined 110 days for the union while still being paid by UConn. Let's assume the employees who take this leave time are paid an average of $70,000 a year, plus another $30,000 a year for fringe benefits (a conservative estimate) – under these conditions, this section costs the university $11 million. If employees are working for the union, they should be paid by the union.